

INDIVIDUAL ENTITY AUDIT REPORT

SOUTHWEST DISTRICT HEALTH (III)

For the Fiscal Years Ended June 30, 2004 and 2005



Report OP95305

Presentation by the

LEGISLATIVE SERVICES OFFICE

SERVING IDAHO'S

CITIZEN LEGISLATURE

LEGISLATIVE SERVICES' MISSION STATEMENT

The mission of the Legislative Services Office is to provide efficient, nonpartisan support services to Idaho's citizen legislators, to carry out legislative policies so as to strengthen the legislature's management as a separate branch of government, and to assist the legislature in carrying out its constitutional responsibilities to the highest standards of integrity and professional excellence. (Approved by the Legislative Council, January 20, 1994.)

LEGISLATIVE AUDITS' CHARGE

Legislative Audits, a division of Legislative Services, is charged by the Legislative Council to provide a financial audit of the statewide annual financial report prepared by the State Controller, as required by Idaho Code, Section 67-429. In addition to special reports and requested studies, Legislative Audits produces three types of audit reports and two types of management reports (described below) for the Joint Finance-Appropriations Committee and other interested parties. These audits, reports, and studies, which vary in scope, provide information for oversight of State finances for the legislature, government entities, and the public, as well as satisfying federal audit requirements.

<u>DESCRIPTION</u>	<u>LEVEL OF SCRUTINY</u>
<i>COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)</i>	Our opinion as to the fairness of presentation of the annual statewide financial statements; a reference to our report on our consideration of the State's internal control over financial reporting; and our tests of its compliance with certain laws, regulations, contracts, and grant agreements is issued under separate cover in the statewide <i>Single Audit</i> .
<i>STATEWIDE SINGLE AUDIT REPORT</i>	Our opinion on the schedule of expenditures of federal awards in relation to the State's basic financial statements taken as a whole; a report on compliance and internal control over financial reporting based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i> ; a report on compliance with requirements applicable to each major program, and on internal control over compliance in accordance with <i>OMB Circular A-133 (Audits of States, Local Governments, and Non-Profit Organizations)</i> ; recommendations to improve the State's financial/accounting system; and recommendations and questioned costs related to federal awards. In addition, the report includes the State's basic financial statements and the related opinion thereon.
<i>INDIVIDUAL ENTITY AUDIT REPORT</i>	Our opinion on the fairness of presentation of the entity's financial statements; a report on compliance, and on internal control over financial reporting, based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i> ; and if applicable, a report on compliance with requirements of each major program, and on internal control over compliance in accordance with <i>OMB Circular A-133</i> .
<i>MANAGEMENT REPORT ON FINANCIAL PROCEDURES</i>	A report based on specific procedures applied to the financial segments material to the statewide financial statement and an internal control review of those financial segments not deemed material to the statewide financial statements, or an audit of a major federal grant. Findings and recommendations are included, if applicable, to improve policies, procedures, compliance, controls, and the entity's overall efficiency.
<i>MANAGEMENT REPORT ON INTERNAL CONTROL</i>	A cyclical report highlighting the entity's internal control with findings and recommendations, if applicable, to improve the system to prevent errors, omissions, misrepresentations, oversights, and fraud, thus protecting State resources.

FOREWORD

PURPOSE OF AUDIT REPORT

Our fiscal/compliance audit of Southwest District Health (III) was made to determine:

1. The adequacy and accuracy of the fiscal records and the reliability of the internal control system in order to issue an opinion on the fairness of the District's financial statements.
2. The degree of compliance with various State and federal requirements affecting the fiscal operations of the District.
3. The areas in the financial operations that could be improved.

SCOPE OF AUDIT

We examined the financial operations of the District for the fiscal years ended June 30, 2004 and 2005.

The audit was performed in accordance with auditing standards generally accepted in the United States of America and the fiscal/compliance section of the *Government Auditing Standards* published by the U.S. Government Accountability Office (GAO).

Information contained in this report was gathered from accounting and administrative records. We also interviewed District personnel.

AUDIT AUTHORIZATION

Reported to the Joint Finance-Appropriations Committee as directed by the Legislative Council of the Idaho Legislature, authorized by Idaho Code, Section 67-429.

ASSIGNED STAFF

J.E. Bowden, CPA, Auditor-in-Charge
Dani Palmer, Staff Auditor
Linda Brown, Staff Auditor

ADMINISTRATION AND TECHNICAL REVIEW

Ray Ineck, CGFM, Manager, Legislative Audits Division
Thomas Haddock, CPA, CGFM, Managing Auditor

GRAPHIC LOGISTICS

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EXECUTIVE SUMMARY LEGISLATIVE AUDITS

SOUTHWEST DISTRICT HEALTH (III)

PURPOSE AND SCOPE. We have audited the financial statements of Southwest District Health (III) for the fiscal years ended June 30, 2004 and 2005, in accordance with auditing standards generally accepted in the United States of America. The purpose of our audit is to determine whether the District's financial statements are materially accurate and reliable, and that the District complied with laws and regulations affecting fiscal operations.

CONCLUSION. We conclude that the District's financial statements are materially accurate and reliable, and fiscal operations materially comply with related laws and regulations. As a result, we issued an unqualified opinion on the District's financial statements.

FINDINGS AND RECOMMENDATIONS. There are no findings and recommendations in this report, nor were there any findings and recommendations in the prior report.

AGENCY RESPONSE. The District has reviewed the report and is in general agreement with its contents.

FINANCIAL SUMMARY. The District receives its funding from a General Fund appropriation, federal grants, county funding, and fees for services. The financial statements of the District for fiscal years 2004 and 2005 follow.

SOUTHWEST DISTRICT HEALTH (III) – FINANCIAL SUMMARY

	<u>June 30, 2004</u>	<u>June 30, 2005</u>
ASSETS		
Cash and Investments	\$2,109,484	\$2,528,428
Other Assets	<u>735,574</u>	<u>597,816</u>
Total Assets	<u>\$2,845,058</u>	<u>\$3,126,244</u>
 LIABILITIES AND FUND BALANCE		
Accounts Payable	\$99,769	\$101,544
Payroll and Benefits Payable	<u>278,679</u>	<u>301,689</u>
Total Liabilities	<u>\$378,448</u>	<u>\$403,233</u>
 Fund Balance	<u>\$2,466,610</u>	<u>\$2,723,011</u>
Total Liabilities and Fund Balance	<u>\$2,845,058</u>	<u>\$3,126,244</u>

	Fiscal Year Ended <u>June 30, 2004</u>	Fiscal Year Ended <u>June 30, 2005</u>
REVENUES		
Health and Professional Services	\$1,312,362	\$1,196,228
Interest	39,050	53,100
Federal Grants	2,380,642	2,981,272
City/State Grants	134,209	103,434
County Grants	973,134	994,840
Rent and Lease Income	13,374	13,573
Miscellaneous Revenue	24,896	37,649
General Fund Appropriation	<u>1,427,117</u>	<u>1,519,000</u>
Total Revenues	<u>\$6,304,784</u>	<u>\$6,899,096</u>
EXPENDITURES		
Current		
Board of Health	\$12,405	\$13,036
Administration	818,711	1,156,387
Community Health Services	1,818,364	2,022,014
Environmental Health Services	1,086,767	1,165,645
Health Education	807,023	859,389
General Support	1,244,102	1,354,325
Capital Outlay	<u>62,438</u>	<u>71,899</u>
Total Expenditures	<u>\$5,849,810</u>	<u>\$6,642,695</u>
Excess (Deficiency) of Revenues		
Over-Expenditures – Net Change in Fund Balance	\$454,974	\$256,401
Beginning Fund Balance (Restated for 2004)	<u>2,011,636</u>	<u>2,466,610</u>
Ending Fund Balance	<u>\$2,466,610</u>	<u>\$2,723,011</u>

OTHER ISSUES. We discussed other, less important issues which, if changed, would improve internal control, ensure compliance, or improve efficiency.

This report is intended solely for the information and use of Southwest Health District (III) and the Idaho Legislature and is not intended to be, and should not be, used by anyone other than these specified parties.

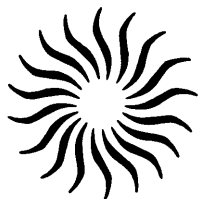
We appreciate the cooperation and assistance given to us by the director, Eugene Gunderson, and his staff.

QUESTIONS CONCERNING THIS AUDIT SHOULD BE DIRECTED TO:

Ray Ineck, CGFM, Manager, Legislative Audits Division

Thomas Haddock, CPA, CGFM, Managing Auditor

AGENCY RESPONSE



Southwest District Health

920 Main St. • Caldwell, Idaho 83605 • (208) 455-5300 • Fax (208) 454-7722

1008 E. Locust
Emmett, ID 83617
208/365-6371

824 S. Diamond
Nampa, ID 83686
208/442-2806

1155 3rd. Ave. N.
Payette, ID 83661
208/642-9321

46 W. Court St.
Weiser, ID 83672
208/549-2370

Administration
455-5317

*Environmental
Health*
455-5400

Family Health
455-5395

General Support
455-5307

*Nutrition and
Health Promotion*
455-5343

October 4, 2006


Ray Ineck, Supervisor, Legislative Audits
Legislative Services Office
P.O. Box 83720
Boise, ID 83720-0054

Dear Mr. Ineck:

I have reviewed the draft Legislative Audit Report for the years ending June 30, 2004 and June 30, 2005. I agree with the contents of the report itself, but have reservations about some of the comments made in the cover letter which appear to have been generated over issues arising outside this agency and reference a federal Act and accounting principles which the letter itself admits do not apply to government entities.

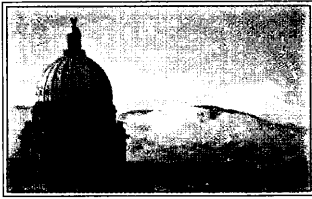
Please proceed with the final publication of the report.

Sincerely,


Eugene G. Gunderson
Director

cc: Bruce Krosch, Finance Officer,
Southwest District Health

William "Bill" Brown, Chairman,
Southwest District Board of Health



Legislative Services Office Idaho State Legislature

Serving Idaho's Citizen Legislature

Jeff Youtz
Director

July 21, 2006

Unqualified Opinion on
Basic Financial Statements

Independent Auditor's Report

Joint Finance-Appropriations Committee
of the Idaho State Legislature
State Capitol Building
Statehouse Mail

Senators and Representatives:

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Southwest District Health (III) as of and for the years ended June 30, 2004 and 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the District as of June 30, 2004 and 2005, and the respective changes in financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 21, 2006, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered when assessing the results of our audit.

Mike Nugent, Manager
Research & Legislation

Cathy Holland-Smith, Manager
Budget & Policy Analysis

Ray Ineck, Manager
04 Legislative Audits

Glenn Harris, Manager
Information Technology

The District has not presented the Management Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

The budgetary comparison information contained in the required supplementary information on pages 18 through 20 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for the purpose of additional analysis as required by *OMB Circular A-133*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Yours truly,

A handwritten signature in black ink, appearing to read "Ray Ineck". The signature is fluid and cursive, with the first name "Ray" and last name "Ineck" clearly distinguishable.

Ray Ineck, CGFM
Manager, Legislative Audits Division

STATE OF IDAHO
SOUTHWEST DISTRICT HEALTH (III)
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2004 AND 2005

	June 30, 2004 Governmental Activities	June 30, 2005 Governmental Activities
ASSETS		
Cash	\$179,910	\$236,103
Investments	1,929,574	2,292,325
Interagency Receivables	290,467	247,982
Accounts Receivable	251,808	207,985
Prepaid Expense	10,002	11,988
Inventory	183,297	129,861
Capital Assets:		
Non-Depreciable	418,235	418,235
Depreciable, Net	1,633,849	1,630,646
Total Assets	<u>\$4,897,142</u>	<u>\$5,175,125</u>
LIABILITIES		
Accounts Payable	\$99,769	\$101,544
Payroll and Benefits Payable	278,679	301,689
Long-Term Liabilities:		
Due Within One Year	188,234	157,528
Due in More Than One Year	195,308	134,185
Total Liabilities	<u>\$761,990</u>	<u>\$694,946</u>
NET ASSETS		
Invested in Capital Assets Net of Related Debt	\$1,883,590	\$1,971,929
Unrestricted	2,251,562	2,508,250
Total Net Assets	<u>\$4,135,152</u>	<u>\$4,480,179</u>

The accompanying notes are an integral part of these financial statements.

STATE OF IDAHO
SOUTHWEST DISTRICT HEALTH (III)
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2004 AND 2005

PROGRAMS	PROGRAM REVENUE		
	Expenses	Charges for Services	Operating Grants and Contributions
Governmental Activities:			Net (Expenses) Revenues and Changes in Net Assets
Board of Health	\$12,405	\$0	\$0
Administration	745,803	0	551,275
Family Health Services	1,802,928	602,152	712,848
Environmental Health	1,053,340	698,903	256,097
General Support	823,123	3,395	42,534
Nutrition and Health Promotion	1,381,375	7,912	1,090,056
Total Governmental Activities	\$5,818,974	\$1,312,362	\$2,652,810
General Revenues:			
State Appropriation			1,345,200
Interest Income			39,050
County Contributions			955,362
Total General Revenues			\$2,339,612
Change in Net Assets			\$485,810
Beginning Net Assets, as Restated			3,649,342
Ending Net Assets			\$4,135,152

PROGRAMS	PROGRAM REVENUE		
	Expenses	Charges for Services	Operating Grants and Contributions
Governmental Activities:			Net (Expenses) Revenues and Changes in Net Assets
Board of Health	\$13,036	\$0	\$598
Administration	1,170,221	5,857	896,103
Family Health Services	1,945,007	479,237	746,821
Environmental Health	1,151,904	700,579	254,909
General Support	888,888	5,220	46,675
Nutrition and Health Promotion	1,385,013	5,335	1,295,622
Total Governmental Activities	\$6,554,069	\$1,196,228	\$3,240,728
General Revenues:			
State Appropriation			1,439,700
Interest Income			53,100
County Contributions			969,340
Total General Revenues			\$2,462,140
Change in Net Assets			\$345,027
Beginning Net Assets			4,135,152
Ending Net Assets			\$4,480,179

The accompanying notes are an integral part of these financial statements.

STATE OF IDAHO
SOUTHWEST DISTRICT HEALTH (III)
BALANCE SHEET
GOVERNMENTAL FUND
AS OF JUNE 30, 2004 AND 2005

	June 30, 2004 Special Revenue Fund	June 30, 2005 Special Revenue Fund
ASSETS		
Cash	\$179,910	\$236,103
Investments	1,929,574	2,292,325
Interagency Receivables	290,467	247,982
Accounts Receivable	251,808	207,985
Prepaid Expense	10,002	11,988
Inventory	183,297	129,861
Total Assets	<u>\$2,845,058</u>	<u>\$3,126,244</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts Payable	\$99,769	\$101,544
Payroll and Benefits Payable	278,679	301,689
Total Liabilities	<u>\$378,448</u>	<u>\$403,233</u>
Fund Balances:		
Reserved for Encumbrance	\$36,691	\$45,940
Unreserved Fund Balance	2,429,919	2,677,071
Total Fund Balance	<u>\$2,466,610</u>	<u>\$2,723,011</u>
Total Liabilities and Fund Balance	<u>\$2,845,058</u>	<u>\$3,126,244</u>

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET ASSETS

Total Fund Balances for Governmental Funds	\$2,466,610	\$2,723,011
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources, and are therefore not reported in the funds.	2,052,084	2,048,881
Long-term liabilities are not due and payable in the current period, and are therefore not reported in the funds.		
Long Term Debt for Building Capital Lease	(168,494)	(76,952)
Compensated Absences	(215,048)	(214,761)
Net Assets of Governmental Activities	<u>\$4,135,152</u>	<u>\$4,480,179</u>

The accompanying notes are an integral part of these financial statements.

STATE OF IDAHO
SOUTHWEST DISTRICT HEALTH (III)
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2004 AND 2005

	Year Ended June 30, 2004			Year Ended June 30, 2005		
	Non-Major		Total Governmental Funds	Non-Major		Total Governmental Funds
	Special Fund 0290	Millennium Fund 0499		Special Fund 0290	Millennium Fund 0499	
REVENUES						
Health and Professional Services	\$1,312,362	\$0	\$1,312,362	\$1,196,228	\$0	\$1,196,228
Interest	39,050	0	39,050	53,100	0	53,100
Federal Grants	2,380,642	0	2,380,642	2,981,272	0	2,981,272
State Grants	134,209	0	134,209	103,434	0	103,434
City/County Grants	973,134	0	973,134	994,840	0	994,840
Rent and Lease Income	13,374	0	13,374	13,573	0	13,573
Miscellaneous Revenue	24,896	0	24,896	37,649	0	37,649
General Fund Support	1,345,200	81,917	1,427,117	1,439,700	79,300	1,519,000
Total Revenues	\$6,222,867	\$81,917	\$6,304,784	\$6,819,796	\$79,300	\$6,899,096
EXPENDITURES						
Current						
Board of Health	\$12,405	\$0	\$12,405	\$13,036	\$0	\$13,036
Administration	818,711	0	818,711	1,156,387	0	1,156,387
Family Health Services	1,818,364	0	1,818,364	2,022,014	0	2,022,014
Environmental Health	1,086,767	0	1,086,767	1,165,645	0	1,165,645
General Support	807,023	0	807,023	859,389	0	859,389
Nutrition and Health Promotion	1,159,350	84,752	1,244,102	1,275,025	79,300	1,354,325
Capital Outlay	62,438	0	62,438	71,899	0	71,899
Total Expenditures	\$5,765,058	\$84,752	\$5,849,810	\$6,563,395	\$79,300	\$6,642,695
Excess (Deficiency) of Revenues						
Over-Expenditures - Net Change in Fund Balance	\$457,809	(\$2,835)	\$454,974	\$256,401	\$0	\$256,401
Beginning Fund Balance as Restated in 2004	2,008,801	2,835	2,011,636	2,466,610	0	2,466,610
Ending Fund Balance	\$2,466,610	\$0	\$2,466,610	\$2,723,011	\$0	\$2,723,011

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

	FY 2004	FY 2005
Net Change in Fund Balances for Total Governmental Funds	\$454,974	\$256,401
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, these costs are allocated as depreciation expense.		
Depreciation exceeded capital outlays in both FY 04 and FY 05 by the following amounts:		
Capital Outlay	62,438	71,899
Depreciation Expense	(72,107)	(75,102)
Repayment of long-term debt is reported as expenditures to governmental funds, but the repayments reduce long-term liabilities in the Statement of Net Assets. In the current year, payments consisted of capital leases.	66,022	91,542
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, that is presented on an accrual basis, expenses and liabilities are reported regardless of when financial resources are available.		
This requires an adjustment for compensated absences.	(25,517)	287
Change in Net Assets of Governmental Activities	\$485,810	\$345,027

The accompanying statements are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE #1

SIGNIFICANT ACCOUNTING POLICIES REPORTING ENTITY

The Health District is not a State agency. In determining how to define Southwest District Health (III) for financial reporting purposes, management has considered all potential component units in accordance with *GASB Statement 14*, as amended by *GASB Statement 39*. The legislature created seven health districts throughout the State in 1970. In 1976, the legislature expressed specific intent that the districts were not to be considered State agencies, but were to be recognized as authorized governmental entities. Although the districts are not State agencies, all districts have opted to process their financial transactions through the State accounting system.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (Statement of Net Assets and Statement of Activities) report information on all activities of the District. These activities are financed through General Fund appropriations, county contributions, federal grants, and program revenues.

The Statement of Net Assets presents the District's assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

1. Investments in capital assets are net of accumulated depreciation and reduced by any outstanding debt.
2. Restricted net assets result when constraints placed on net asset use are externally imposed by contributors, by law, or by enabling legislation.
3. Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues include fees and charges paid by recipients of goods or services offered by the program. Appropriations, contributions, interest income, and other items not

meeting the definition of program revenues are reported as general revenue.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. All assets and liabilities are presented on the statement of net assets. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under governmental fund accounting, only current assets and current liabilities are generally included on the balance sheet. Revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the year end. Sales of services, interest, and federal grants are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds.

ASSETS, LIABILITIES, AND NET ASSETS

Cash and Cash Equivalents

The District's primary governmental fund cash and cash equivalents are considered to be cash on hand, and are on deposit with the State Treasurer's Office.

Investments

Investments are reported at fair value. Additional disclosure is identified in Note #2.

Accounts Receivable

The accounts receivable come from county contributions, federal grants, and client accounts.

Inventories and Prepaids

Inventories are valued at cost, primarily using the first-in, first-out flow method. The District uses the consumption method of accounting for inventory and prepaid expenses.

Interagency Receivables

Interagency receivables are funds due from State agencies for contract services. The transfers are usually completed monthly.

Capital Assets

Purchased capital assets are reported at cost, or if the assets are donated, at market value at date of donation. Only capital assets with a value of \$5,000 or greater are capitalized. Depreciation is recorded by use of the straight-line method. The value of each asset is reduced by equal amounts over its estimated useful life as follows:

	Estimated Useful Life (Years)
Equipment	3-15
Building/Improvements	10-50
Vehicles	5

Maintenance, repairs, and minor renewals are charged as operating expenses when incurred. When an asset is disposed of, accumulated depreciation is deducted from the original cost and any gain or loss arising from its disposal is credited or charged to operations.

Additional disclosures related to capital assets are provided in Note #5.

Accounts Payable

Payables in the government-wide financial statements consist primarily of short-term vendor obligations.

Other Liabilities

Other liabilities consist of payroll and benefits payable.

Government-wide financial statements report long-term obligations as liabilities, with the portion payable within 12 months designated separately from the portion payable in more than 12 months. Long-term liabilities include the following:

1. Compensated absences payable, which includes vacation and compensatory time earned by employees but not paid.
2. Capital leases payable, consisting of lease contracts that transfer substantially all of the benefits and risks of ownership of property to the State.

Net Assets

Net assets include investments in capital assets net of related debt. Restricted assets are assets whose use is restricted by grantors, contributors, laws or regulations. Unrestricted assets are assets that do not fall under the previous two categories.

REVENUES AND EXPENDITURES/EXPENSES

In the Government-Wide Statement of Activities, revenues and expenses are segregated by function. Additionally, revenues are classified as program or general revenues. Program revenues include charges to clients or applicants for services provided and

certain grants and contributions. General revenues include General Fund appropriation, county contribution, and interest.

In the governmental fund financial statements, revenues are reported by source, and expenditures are reported by function. The Special Revenue Fund is used to account for all of the District's activities except tobacco cessation, which is accounted for in the Non-Major Fund.

RESTATEMENTS

The beginning fiscal year 2004 net assets and fund balance were restated. The restatements were needed to convert from a cash basis of accounting to accounting completed in accordance with generally accepted accounting principles.

NOTE #2

CASH AND INVESTMENTS

The District participates in the State Treasurer's internal and external investment pools. The Idle Fund is an internal investment pool managed by the State Treasurer's Office on behalf of participants. Money not needed to meet immediate operating obligations is invested in accordance with Idaho Code, Sections 67-1210 and 67-1210A. Participation in the pool is involuntary.

The District also participates in the Local Government Investment Pool, which is an external investment pool sponsored by the State Treasurer's Office. A copy of the State's *Comprehensive Annual Financial Report (CAFR)*, including the investment pool's financial statement, is available from the Office of the State Controller, Bureau of Reporting and Review.

Idaho Code restricts the State Treasurer to certain types of investments.

Credit Risk

The Local Government Investment Pool is unrated.

Interest Rate Risk

The following schedule represents the District's investments in the external investment pool and a distribution of the pool's maturities at June 30, 2004 and 2005:

	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
2004 Investment in External Investment Pool		
Local Government Investment Pool	\$1,929,574	1.2 years
2005 Investment in External Investment Pool		
Local Government Investment Pool	2,292,325	1.1 years

NOTE #3

COMPENSATED ABSENCES

The State Treasurer has an informal investment policy that limits certain investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

The District is not part of the State, but has decided to follow State rules. District employee benefits include vacation and sick leave allowances. Overtime may be earned under provisions of the Fair Labor Standards Act and State law. Overtime is commonly referred to as "compensatory time" or "comp time," since employees may take time off for the accrued overtime. For the purposes of earning and accruing overtime, there are three general classes of employees:

1. Those who earn overtime at 1.5 times regular pay rates and may be paid for the overtime or take time off.
2. Those who earn overtime at the same rate as regular pay rates and may only take time off.
3. Those ineligible for overtime.

Under certain circumstances, employees eligible for overtime may accrue earned administrative leave on an hour-for-hour basis. Earned administrative leave is treated similarly to vacation leave but is not subject to any limitation. Upon termination, the following accrued leave balances are paid:

1. Vacation leave
2. Earned administrative leave
3. Overtime for those eligible for payment

As of June 30, 2004 and 2005, the following total value of leave has been accrued by employees of Southwest District Health (III). These amounts are accrued in the government-wide financial statements when the benefit is incurred. A liability for the amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignation or retirement.

CHANGES IN COMPENSATED ABSENCES

	<u>FY 2004</u>
Beginning Balance July 1, 2003	\$189,531
Increases	91,626
Decreases	<u>66,109</u>
Ending Balance June 30, 2004	<u>\$215,048</u>

NOTE #4
PENSION PLAN

The District estimates the amount due within one year is \$137,834. Compensated absences are paid from the District's main operating fund.

	<u>FY 2005</u>
Beginning Balance July 1, 2004	\$215,048
Increases	109,240
Decreases	<u>109,527</u>
Ending Balance June 30, 2005	<u>\$214,761</u>

The District estimates the amount due within one year is \$109,528. Compensated absences are paid from the District's main operating fund.

The Public Employee Retirement System of Idaho (PERSI), a cost-sharing, multiple-employer public retirement system, was created by the Idaho State Legislature. It is a defined benefit plan requiring that both the member and the employer contribute. Designed as a mandatory system for eligible state and school district employees, the legislation provided for political subdivisions to participate by contractual agreement with PERSI. Financial reports for the plan are available from PERSI.

After five years of credited service, members become fully vested in retirement benefits earned to date. Members are eligible for retirement benefits when they reach the age specified by their employment classification. For each year of credited service, the annual service retirement allowance is 2.0% or 2.3% (depending on employee classification) of the average monthly salary for the highest consecutive 42 months.

For the period from July 1, 2003 to June 30, 2004, the required contribution rate was 9.77% and 5.86%, and for the period from July 1, 2004 to June 30, 2005, the required contribution rate was 10.39% and 6.23% of covered payroll for the District and its employees, respectively. District contributions required and paid were \$292,975, \$302,419, and \$347,946, respectively, for the three years ended June 30, 2003, 2004, and 2005.

The PERSI Choice Plan is the State's defined contribution retirement plan. Statutes governing the PERSI Choice Plan are found in Idaho Code, Title 59, Chapter 13. Participants direct their own investment mix without restriction, and may elect to change their deferral every pay period.

NOTE #5**CAPITAL ASSETS**

Capital asset activity for the years ended June 30, 2004 and 2005 is as follows:

	Balances at July 1, 2003	Increase	Decrease	Balances at June 30, 2004
Governmental Activities:				
Capital Assets not being Depreciated:				
Land	\$418,235	\$0	\$0	\$418,235
Total Capital Assets not Being Depreciated	<u>\$418,235</u>	<u>\$0</u>	<u>\$0</u>	<u>\$418,235</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	\$1,647,110	\$0	\$0	\$1,647,110
Improvements Other Than Buildings	0	6,900	0	6,900
Equipment and Vehicles	415,191	55,538	0	470,729
Total Capital Assets Being Depreciated	<u>\$2,062,301</u>	<u>\$62,438</u>	<u>\$0</u>	<u>\$2,124,739</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(\$254,020)	(\$32,587)	\$0	(\$286,607)
Improvements Other Than Buildings	0	(460)	0	(460)
Equipment and Vehicles	(164,763)	(39,060)	0	(203,823)
Total Accumulated Depreciation	<u>(\$418,783)</u>	<u>(\$72,107)</u>	<u>\$0</u>	<u>(\$490,890)</u>
Total Capital Assets Being Depreciated, Net	<u>\$1,643,518</u>	<u>(\$9,669)</u>	<u>\$0</u>	<u>\$1,633,849</u>
Governmental Activities Capital Assets, Net	<u>\$2,061,753</u>	<u>(\$9,669)</u>	<u>\$0</u>	<u>\$2,052,084</u>

	Balances at July 1, 2004	Increase	Decrease	Balances at June 30, 2005
Governmental Activities:				
Capital Assets not being Depreciated:				
Land	\$418,235	\$0	\$0	\$418,235
Total Capital Assets not Being Depreciated	<u>\$418,235</u>	<u>\$0</u>	<u>\$0</u>	<u>\$418,235</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	\$1,647,110	\$0	\$0	\$1,647,110
Improvements Other Than Buildings	6,900	6,500	0	13,400
Equipment and Vehicles	470,729	65,399	(87,157)	448,971
Total Capital Assets Being Depreciated	<u>\$2,124,739</u>	<u>\$71,899</u>	<u>(\$87,157)</u>	<u>\$2,109,481</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(\$286,607)	(\$32,587)	\$0	(\$319,194)
Improvements Other Than Buildings	(460)	(893)	0	(1,353)
Equipment and Vehicles	(203,823)	(41,622)	87,157	(158,288)
Total Accumulated Depreciation	<u>(\$490,890)</u>	<u>(\$75,102)</u>	<u>\$87,157</u>	<u>(\$478,835)</u>
Total Capital Assets Being Depreciated, Net	<u>\$1,633,849</u>	<u>(\$3,203)</u>	<u>\$0</u>	<u>\$1,630,646</u>
Governmental Activities Capital Assets, Net	<u>\$2,052,084</u>	<u>(\$3,203)</u>	<u>\$0</u>	<u>\$2,048,881</u>

NOTE #6
LEASES

Depreciation is charged to General Support. In fiscal year 2004, depreciation was \$72,107, and in fiscal year 2005, depreciation was \$75,102.

Operating Leases

Operating leases are leases for which the District will not gain title to the asset. They contain various renewal options, as well as some purchase options. Operating lease payments are recorded as expenditures of the related funds when paid or incurred. The District's total operating lease expenditures for fiscal years 2004 and 2005 was \$69,684 and \$47,525, respectively.

Future minimum lease commitments for non-cancelable operating lease payments as of June 30, 2005 are:

<u>Operating Leases</u>	<u>Amount</u>
FY 2006	\$14,848
FY 2007	14,848
Thereafter	<u>0</u>
Total	<u>\$29,696</u>

Capital Leases

Capital leases are leases the District has entered into that are, in substance, a purchase. The assets are valued at a cost. The District has one capital lease for the purchase of the Nampa clinic facility. It may obtain title to the building for a purchase price of one dollar at the completion of the payments. The District's total capital lease expenditures for fiscal years 2004 and 2005 was \$72,000 and \$96,000 respectively. Capital lease payments for fiscal years 2004 and 2005 were made at an accelerated rate. The District plans to pay off the lease in early fiscal year 2006.

Future minimum lease commitments for non-cancelable capital lease payments as of June 30, 2005 are:

<u>Capital Leases</u>	<u>Amount</u>
FY 2006	\$48,000
FY 2007	28,952
Thereafter	<u>0</u>
Total	<u>\$76,952</u>

Changes in capital leases:

	<u>FY 2004</u>	<u>FY 2005</u>
Beginning Balance July 1	\$234,516	\$168,494
Increase	0	0
Decrease	<u>66,022</u>	<u>91,542</u>
Ending Balance June 30	<u>\$168,494</u>	<u>\$76,952</u>

The District estimates that the amount due within one year is \$50,400 and \$48,000 for fiscal years 2004 and 2005, respectively.

REQUIRED SUPPLEMENTARY INFORMATION

STATE OF IDAHO
SOUTHWEST DISTRICT HEALTH (III)
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET TO ACTUAL
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2004

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
State Appropriation	\$1,207,225	\$1,207,225	\$1,345,200	\$137,975
State Grants and Contributions	164,321	164,321	134,209	(30,112)
County Grants	30,840	30,840	17,773	(13,067)
County Contributions	954,415	954,415	955,361	946
Federal Grants and Contributions	2,295,925	2,295,925	2,553,540	257,615
Fees	872,629	872,629	1,270,481	397,852
Interest	34,000	34,000	39,051	5,051
Rent	17,500	17,500	13,374	(4,126)
Miscellaneous / Other	73,847	73,847	24,896	(48,951)
	<u>\$5,650,702</u>	<u>\$5,650,702</u>	<u>\$6,353,885</u>	<u>\$703,183</u>

Reconciliation to GAAP Basis Revenues:

Change in Interagency Receivable	(172,898)
Change in Accounts Receivable	41,880
Total GAAP Revenues	<u>\$6,222,867</u>

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES				
Personnel Costs	\$4,361,131	\$4,367,390	\$4,339,461	\$27,929
Operating	2,016,986	2,019,637	1,255,123	764,514
Capital Outlay	134,500	134,500	134,438	62
Total Expenditures	<u>\$6,512,617</u>	<u>\$6,521,527</u>	<u>\$5,729,022</u>	<u>\$792,505</u>

Reconciliation to GAAP Basis Expenditures:

Change in Accounts Payable	56,159
Change in Payroll Payable	1,302
Change in Prepaid Expense	993
Change in Inventory	(22,418)
Total GAAP Expenditures	<u>\$5,765,058</u>

STATE OF IDAHO
SOUTHWEST DISTRICT HEALTH (III)
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET TO ACTUAL
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
State Appropriation	\$1,421,847	\$1,421,847	\$1,439,700	\$17,853
State Grants and Contributions	181,185	121,650	103,434	(18,216)
County Grants	23,000	23,000	25,500	2,500
County Contributions	983,047	983,047	969,340	(13,707)
Federal Grants and Contributions	2,481,662	2,501,662	3,023,756	522,094
Fees	1,021,792	1,102,327	1,240,051	137,724
Interest	36,500	36,500	53,100	16,600
Rent	13,250	13,250	13,573	323
Miscellaneous / Other	0	0	7,967	7,967
Reserve	18,500	18,500	29,682	11,182
	<u>\$6,180,783</u>	<u>\$6,221,783</u>	<u>\$6,906,103</u>	<u>\$684,320</u>

Reconciliation to GAAP Basis Revenues:

Change in Interagency Receivable	(42,484)
Change in Accounts Receivable	(43,823)
Total GAAP Revenues	<u>\$6,819,796</u>

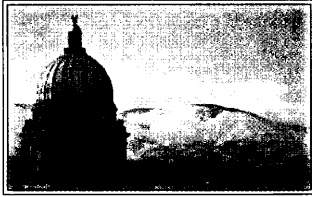
	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES				
Personnel Costs	\$4,793,306	\$4,845,545	\$4,782,471	\$63,074
Operating	1,129,121	1,132,172	1,541,248	(409,076)
Capital Outlay	278,426	278,426	163,441	114,985
Total Expenditures	<u>\$6,200,853</u>	<u>\$6,256,143</u>	<u>\$6,487,160</u>	<u>(\$231,017)</u>

Reconciliation to GAAP Basis Expenditures:

Change in Accounts Payable	1,775
Change in Payroll Payable	23,009
Change in Prepaid Expense	(1,985)
Change in Inventory	53,436
Total GAAP Expenditures	<u>\$6,563,395</u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Each of the District's counties has a representative who serves on the Budget Committee. The District board will submit the budget to the Budget Committee. The budget is prepared on a cash basis. The budget for the District shall be approved by a majority of the Budget Committee. Any adjustments to the budget are approved by the Board of Health.



Legislative Services Office Idaho State Legislature

Serving Idaho's Citizen Legislature

Jeff Youtz
Director

July 21, 2006

Independent Auditor's Report on Internal Control
Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial
Statements Performed in Accordance
With Government Auditing Standards

Joint Finance-Appropriations Committee
of the Idaho State Legislature
State Capitol Building
Statehouse Mail

Senators and Representatives:

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Southwest District Health (III) as of and for the years ended June 30, 2004 and 2005, and have issued our report thereon dated July 21, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements, and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance as to whether the District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the

Mike Nugent, Manager
Research & Legislation

Cathy Holland-Smith, Manager
Budget & Policy Analysis

Ray Ineck, Manager
Legislative Audits

Glenn Harris, Manager
Information Technology

determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

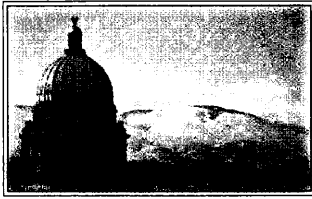
We noted certain matters that we have reported to the management of the District in a separate letter dated July 21, 2006.

This report is intended solely for the information and use of Southwest District Health (III) and the Idaho Legislature and is not intended to be, and should not be, used by anyone other than these specified parties.

Yours truly,

A handwritten signature in black ink, appearing to read "Ray Ineck".

Ray Ineck, CGFM
Manager, Legislative Audits Division



Legislative Services Office Idaho State Legislature

Serving Idaho's Citizen Legislature

Jeff Youtz
Director

July 21, 2006

Independent Auditor's Report on Compliance With
Requirements Applicable to Each Major Program
and on Internal Control Over Compliance in
Accordance With OMB Circular A-133

Joint Finance-Appropriations Committee
of the Idaho State Legislature
State Capitol Building
Statehouse Mail

Senators and Representatives:

Compliance

We have audited the compliance of Southwest District Health (III) with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended June 30, 2004 and 2005. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and *OMB Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements, and performing such other procedures that we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2004 and 2005.

Mike Nugent, Manager
Research & Legislation

Cathy Holland-Smith, Manager
Budget & Policy Analysis

Ray Ineck, Manager
Legislative Audits

Glenn Harris, Manager
Information Technology

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct, material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on the internal control over compliance in accordance with *OMB Circular A-133*.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce, to a relatively low level, the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grant agreements, caused by error or fraud that would be material in relation to a major federal program being audited may occur, and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the management of Southwest District Health (III), and the federal awarding agencies, and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

Yours truly,

A handwritten signature in black ink, appearing to read "Ray Ineck".

Ray Ineck, CGFM
Manager, Legislative Audits Division

STATE OF IDAHO
SOUTHWEST DISTRICT HEALTH (III)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEARS 2004 AND 2005

Federal Grantor/ Program Title	CFDA #	Contract #	Contract Period	Contract Amount	Federal Expenditures FY 2004	Federal Expenditures FY 2005	Total Federal Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>							
Pass through from the State Department of Health and Welfare							
WIC	10.557	HC386300	10/1/02-9/30/03	\$921,136	\$149,979	\$0	\$149,979
WIC	10.557	HC419300	10/1/03-9/30/04	966,930	856,408	110,522	966,930
WIC	10.557	HC475600	10/1/04-9/30/05	1,020,887	0	893,496	893,496
Total CFDA 10.557					<u>\$1,006,387</u>	<u>\$1,004,018</u>	<u>\$2,010,405</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE					\$1,006,387	\$1,004,018	\$2,010,405
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>							
Pass through from the State Department of Health and Welfare							
Radon Awareness	66.032	HC402600	7/1/03-6/30/04	3,000	2,132	0	2,132
Radon Awareness	66.032	HC457300	7/1/04-6/30/05	3,000	0	3,000	3,000
Total CFDA 66.032					<u>\$2,132</u>	<u>\$3,000</u>	<u>\$5,132</u>
Pass through from the State Department of Environmental Quality							
Public Drinking Water	66.432	S084	7/1/03-6/30/04	83,044	83,044	0	83,044
Public Water Systems	66.432	S117	7/1/04-6/30/05	83,591	0	83,591	83,591
Total CFDA 66.432					<u>\$83,044</u>	<u>\$83,591</u>	<u>\$166,635</u>
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY					\$85,176	\$86,591	\$171,767
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>							
Pass through from the State Department of Health and Welfare							
Hospital Preparedness-Contract	93.003	HC412300	8/31/03-8/30/04	73,341	46,311	15,965	62,276
Hospital Preparedness-HRSAIL	93.003	HC412300	8/31/03-8/30/04	350,726	0	9,029	9,029
Total CFDA 93.003					<u>\$46,311</u>	<u>\$24,994</u>	<u>\$71,305</u>
Oral Health-SOHCS Grant Project	93.110	HC478300	10/1/04-9/30/05	12,500	0	6,317	6,317
Total CFDA 93.110					<u>\$0</u>	<u>\$6,317</u>	<u>\$6,317</u>
TB/DOT	93.116	HC393100	1/1/03-12/31/03	32,250	11,720	0	11,720
TB/DOT	93.116	HC435000	1/1/04-12/31/04	40,800	21,000	19,800	40,800
TB/DOT	93.116	HC494100	1/12/05-12/31/05	15,000	0	15,000	15,000
Total CFDA 93.116					<u>\$32,720</u>	<u>\$34,800</u>	<u>\$67,520</u>
Family Planning, Title X	93.217	HC363100	7/1/02-8/30/03	141,033	16,434	0	16,434
Family Planning, Title X	93.217	HC409400	9/1/03-8/31/05	244,995	91,800	133,550	225,350
Total CFDA 93.217					<u>\$108,234</u>	<u>\$133,550</u>	<u>\$241,784</u>
Adolescent Pregnancy Prevention	93.235	HC422300	10/27/03-02/28/05	58,659	43,355	15,253	58,608
PEAK	93.235	HC496500	3/2/05-9/30/05	20,000	0	16,493	16,493
Total CFDA 93.235					<u>\$43,355</u>	<u>\$31,746</u>	<u>\$75,101</u>

STATE OF IDAHO
SOUTHWEST DISTRICT HEALTH (III)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEARS 2004 AND 2005

Federal Grantor/ Program Title	CFDA #	Contract #	Contract Period	Contract Amount	Federal Expenditures FY 2004	Federal Expenditures FY 2005	Total Federal Expenditures
Immunizations	93.268	HC390000	1/1/03-12/31/03	\$169,593	\$70,501	\$0	\$70,501
Immunizations	93.268	HC431400	1/1/04-12/31/04	95,460	45,230	50,230	95,460
Immunizations	93.268	HC493200	1/1/05-12/31/05	82,971	0	38,984	38,984
Total CFDA 93.268					\$115,731	\$89,214	\$204,945
Bioterrorism Preparedness Plan	93.283	HC365600	2/15/02-8/30/03	392,739	87,713	0	87,713
Bioterrorism Preparedness Plan	93.283	HC411600	8/31/03-8/30/04	407,803	305,220	79,041	384,261
Public Health Preparedness	93.283	HC369800	7/1/02-8/30/03	69,632	11,398	0	11,398
Public Health Preparedness	93.283	HC418500	8/31/03-8/30/04	79,508	62,398	14,510	76,908
Asthma Forum	93.283	HC385400	11/1/02-9/29/03	14,000	3,830	0	3,830
Asthma Coalition	93.283	HC420200	12/1/03-9/29/04	12,449	7,105	4,934	12,039
West Nile Virus Surveillance	93.283	HC405700	6/1/03-3/31/04	4,300	2,908	0	2,908
West Nile Virus Activities	93.283	HC452200	5/1/04-9/30/04	5,001	776	4,225	5,001
West Nile Virus Activities	93.283	HC501700	6/1/05-6/30/05	4,000	0	1,587	1,587
Hep C Activities	93.283	HC400700	6/1/03-3/31/04	10,500	9,700	0	9,700
Tobacco Prevention	93.283	HC402900	7/1/03-6/30/04	71,430	59,271	0	59,271
Tobacco Prevention	93.283	HC460000	7/1/04-6/30/05	51,430	0	45,570	45,570
Asthma Prevention Activities	93.283	HC463200	09/03/04-8/31/05	11,500	0	8,649	8,649
Public Health Preparedness	93.283	HC469700	8/31/04-8/30/05	447,802	0	327,100	327,100
Surveillance and Epi	93.283	HC471600	8/31/04-8/30/05	92,857	0	67,007	67,007
Total CFDA 93.283					\$550,319	\$552,623	\$1,102,942
IRIS	93.558	HC404600	7/1/03-6/30/04	100,266	100,266	0	100,266
IRIS	93.558	HC457900	07/01/04-06/30/05	92,401	0	92,400	92,400
Total CFDA 93.558					\$100,266	\$92,400	\$192,666
Idaho Child Care Program	93.596	WC038600	07/01/02-06/30/06	604,093	132,220	164,256	296,476
Total CFDA 93.596					\$132,220	\$164,256	\$296,476
Child Find	93.778	3C062600	10/1/02-9/30/03	49,200	11,999	0	11,999
Child Find	93.778	3C065200	10/13/03-6/30/06	97,000	23,004	36,996	60,000
Total CFDA 93.778					\$35,003	\$36,996	\$71,999
Hospital Preparedness-Contract	93.889	HC470400	9/1/04-8/31/05	73,070	0	64,704	64,704
Hospital Preparedness-HRSA II	93.889	HC412300	8/31/03-8/30/04	350,723	0	341,463	341,463
Total CFDA 93.889					\$0	\$406,167	\$406,167
Women's Health Check	93.919	HC401800	7/1/03-6/30/04	50,552	48,412	0	48,412
Women's Health Check	93.919	HC458400	07/01/04-06/30/05	33,839	0	33,839	33,839
Total CFDA 93.919					\$48,412	\$33,839	\$82,251
HIV Prevention	93.940	HC391700	1/1/03-12/31/03	23,008	5,198	0	5,198
HIV Prevention	93.940	HC425500	1/1/04-12/31/04	25,280	13,751	9,978	23,729
HIV Prevention	93.940	HC491800	1/01/05-12/31/05	22,250	0	9,890	9,890
Total CFDA 93.940					\$18,949	\$19,868	\$38,817
HIV Surveillance	93.944	HC430300	11/14/03-3/31/04	1,570	1,570	0	1,570
HIV Surveillance	93.944	HC453300	05/01/04-12/31/04	1,875	469	1,406	1,875
HIV Surveillance	93.944	HC492500	1/12/05-12/31/05	3,400	0	1,698	1,698
Total CFDA 93.944					\$2,039	\$3,104	\$5,143

STATE OF IDAHO
SOUTHWEST DISTRICT HEALTH (III)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEARS 2004 AND 2005

Federal Grantor/ Program Title	CFDA #	Contract #	Contract Period	Contract Amount	Federal Expenditures FY 2004	Federal Expenditures FY 2005	Total Federal Expenditures
Arthritis Activities	93.945	HC452700	7/1/04-6/30/05	\$9,500	\$0	\$9,500	\$9,500
Total CFDA 93.945					\$0	\$9,500	\$9,500
STD Prevention	93.977	HC391700	1/1/03-12/31/03	22,328	10,831	0	10,831
STD Prevention	93.977	HC425500	1/1/04-12/31/04	22,061	11,030	11,030	22,060
STD Prevention	93.977	HC491800	1/01/05-12/31/05	21,254	0	10,511	10,511
Total CFDA 93.977					\$21,861	\$21,541	\$43,402
Diabetes Activities	93.988	HC398400	4/7/03-3/31/04	15,000	11,250	0	11,250
Diabetes Activities	93.988	HC450700	4/1/04-3/29/05	15,000	3,750	11,250	15,000
Diabetes Activities	93.988	HC497300	4/1/05-3/29/06	15,000	0	4,194	4,194
Total CFDA 93.988					\$15,000	\$15,444	\$30,444
Injury Prevention	93.991	HC376600	10/1/02-9/30/03	50,293	11,983	0	11,983
Injury Prevention	93.991	HC408200	10/1/03-9/30/04	48,614	38,544	10,035	48,579
Injury Prevention	93.991	HC487600	10/01/04-9/30/05	40,617	0	26,039	26,039
Total CFDA 93.991					\$50,527	\$36,074	\$86,601
MCH Reproductive Health	93.994	HC383900	10/1/02-9/30/03	84,000	21,000	0	21,000
MCH Reproductive Health	93.994	HC410200	10/1/03-9/30/05	168,000	63,000	84,000	147,000
Oral Health	93.994	HC375300	10/1/02-9/30/03	21,831	6,649	0	6,649
Oral Health	93.994	HC417900	10/2/03-9/30/04	41,987	24,173	9,638	33,811
MCH Epidemiology	93.994	HC421100	10/1/03-9/30/04	26,468	26,468	0	26,468
General Epidemiology	93.994	HC461700	7/1/04-6/30/05	57,238	0	54,462	54,462
Epidemiology	93.994	HC477100	10/1/04-9/30/05	26,922	0	26,921	26,921
Oral Health	93.994	HC478300	10/1/04-9/30/05	29,308	0	27,488	27,488
Body Mass Index Training	93.994	HC490000	01/01/05-12/31/05	13,750	0	13,358	13,358
Total CFDA 93.994					\$141,290	\$215,867	\$357,157
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					\$1,462,237	\$1,928,300	\$3,390,537
TOTAL CASH EXPENDITURES					2,553,800	3,018,909	5,572,709
WIC Food Vouchers	10.557				3,872,734	3,028,858	6,901,592
Value of Immunization Serum	93.268				259,552	185,886	445,438
TOTAL NON-CASH EXPENDITURES					\$4,132,286	\$3,214,744	\$7,347,030
TOTAL EXPENDITURES OF FEDERAL AWARDS					\$6,686,086	\$6,233,653	\$12,919,739

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE #1

BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*.

The CFDA refers to the *Catalog of Federal Domestic Assistance*, which is a government-wide list of individual federal programs. Federal award programs for which we could not determine a number are identified with the first two digits that identify the federal grantor department, followed by ".999."

NOTE #2

WIC FOOD VOUCHERS

The District determines eligibility for the Women, Infants and Children (WIC) program. Within the WIC program, the District distributes food checks to clients and controls unissued food checks. The Idaho Department of Health and Welfare issues and redeems food checks, controls the food checks issued, and reviews program compliance. The value of the food checks redeemed through the Idaho Department of Health and Welfare during fiscal years 2004 and 2005 was \$3,872,734 and \$3,028,858, respectively.

NOTE #3

VALUE OF VACCINE SERUM

The District provides vaccines free of charge to children 18 years of age or younger. The District determines whether the vaccine recipient is eligible to receive the vaccine under the Federal Immunization Grant. The vaccine serums are ordered by the Idaho Department of Health and Welfare, and delivered to the District as needed. The vaccine serum value supplied by the State Health and Welfare Department was \$259,552 in fiscal year 2004 and \$185,886 in fiscal year 2005.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Section I – Summary of Auditor's Results

Basic Financial Statements

1. The independent auditor's report on the basic financial statements expressed an unqualified opinion.
2. The audit of the basic financial statements did not disclose reportable conditions or material weaknesses in the internal control over financial reporting.
3. The audit did not disclose any instances of noncompliance considered material to the basic financial statements.

Federal Awards

4. The audit did not disclose any reportable conditions in internal control over major programs.
5. The independent auditor's report on compliance for major programs expressed an unqualified opinion for all major programs.
6. The audit did not disclose any findings that must be reported in accordance with criteria in Section 510a of *OMB Circular A-133* provisions.
7. Major programs are listed below:

<u>Program Title</u>	<u>CFDA Number</u>
WIC	10.557
Hospital Preparedness	93.889

8. The dollar threshold used to distinguish between Type A and Type B programs was \$387,592.
9. Southwest District Health (III) did qualify as a low-risk auditee as defined by *OMB Circular A-133*.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Section II – Financial Statement Findings and Recommendations

NONE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Section III – Federal Award Findings and Questioned Costs

NONE

APPENDIX

HISTORY

The following is a chronological history of the basic health care services that the State has provided to the public.

1907 – The State Board of Health and counties that had local boards of health were statutorily authorized joint responsibility for public health.

1947 – A public health district law was enacted that permitted two or more counties to establish a public health district. Participation in the forming of the health districts was voluntary.

1970 – The legislature established a law that created seven mandatory public health districts. In Southwest District Health (III), the counties designated were Adams, Canyon, Gem, Owyhee, Payette, and Washington. The director of the State Department of Health and Welfare was designated fiscal officer for the various districts.

1976 – Legislative intent was expressed that the health districts are not State agencies, and that they be recognized as authorized governmental entities.

1986 – Idaho Code was amended to allow district health departments to promulgate rules and regulations without the State Board of Health's approval.

1993 – The legislature clarified the need for health districts to use the Idaho Administrative Procedures Act for fees and rules.

PURPOSE

The purpose of Southwest District Health (III) is to provide the basic public health services of administration and support of public health programs, education, physical health, and environmental health, as well as do all things required for the preservation and protection of public health, including response to bioterrorism.

STATUTORY AUTHORITY

The statutory authority for the District is found in Idaho Code, Title 39, Chapter 4.

ORGANIZATION

The District is supervised by a six-member board appointed by the county commissioners in the counties served, plus one physician member, as allowed by Idaho Code, Section 39-411.

Board members serve staggered five-year terms, and are reimbursed \$50 per working day plus all necessary travel expenses. The board appoints a director to administer and manage day-to-day activities of the District. Physicians provide medical consulting services to the District.

The District is organized into five major sections:

1. Administration. Provides day-to-day managerial guidance for the District. In fiscal year 2003, the public health preparedness programs were added under this section.
2. General Support. Provides budget, accounting, billing/collections, accounts payable, building management, as well as administrative, personnel, health education services, and information technology support for all divisions, sections, and satellite facilities throughout the District. It also provides government services support to the other divisions within the Department.
3. Family Health Services. Provides services such as family planning, immunization, tuberculosis services, sexually transmitted disease (STD) treatment, HIV/AIDS testing, communicable disease treatment and control, and services for developmentally delayed children through enrollment in eligible services and case management.
4. Environmental Health. Provides solid waste management services, food protection through inspection and licensing of food handling establishments, testing, certification and licensing of septic system installers and pumpers, review of subdivision engineering reports, and drinking well water testing.
5. Nutrition and Health Promotion. Provides nutrition assessment health and education services to residents and agencies throughout the District, including the administration of the Women, Infants, and Children (WIC) nutrition program. This division also provides risk reduction education and awareness programs such as seat belt usage, children's bicycle helmet use, infant automobile safety car seat education, and cholesterol screening programs.

The District's central offices and clinics are located in Caldwell. Additionally, five satellite clinics are located in Emmett, Homedale, Nampa, Payette, and Weiser. An organizational chart is attached.

STAFFING

At the end of fiscal year 2005, the District had 91 classified employees, 4 exempt employees, 4 part-time classified employees, 2 full-time temporary employees, and 12 part-time temporary employees, for a total of 113 employees.

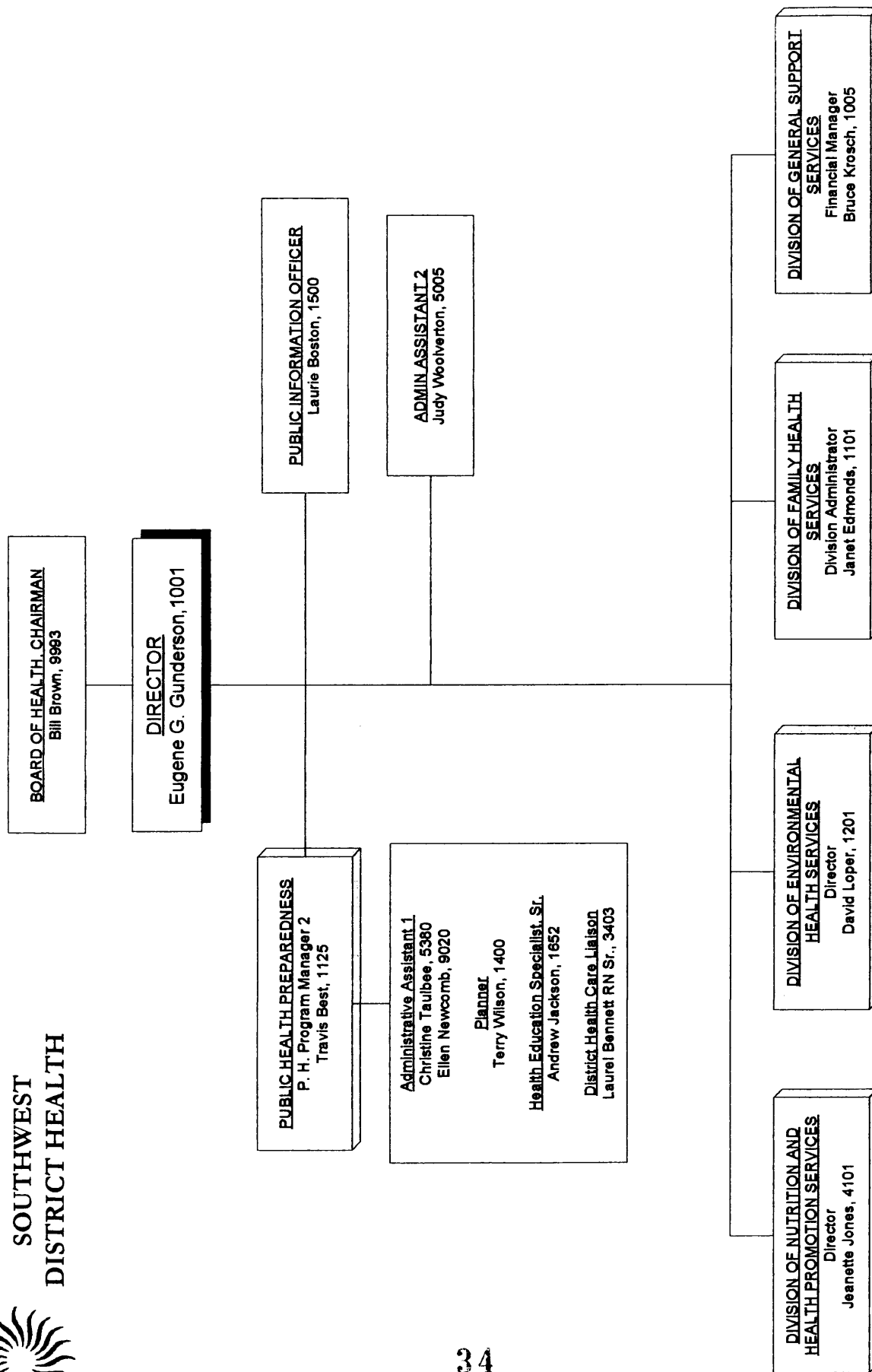
FUNDING

Financing for the District comes from State General Fund appropriations; county contributions; contracts from federal, State, and private vendors; fees for providing client services; the sale of septic system permits, a provision of mortgage survey services and subdivision plan reviews; and supplies. Also, some revenue is generated from donations. The amount included in the District's General Fund appropriation request is determined by Idaho Code, Section 39-425. The legislature sets the District's General Fund appropriation, which can be more or less than the amount requested.

The District also receives funds from contracts with the Idaho Department of Health and Welfare, Idaho Department of Environmental Quality, cities, other governmental agencies, as well as fees for public health services, environmental inspections, and licensing.



**SOUTHWEST
DISTRICT HEALTH**



Current organization charts may be accessed and printed off the network server.

Eugene G. Gunderson

Date

Last Revised: 1/09/06